

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 EB-08 TRSE-00 AID-05 IGA-02 SP-02
OMB-01 CIAE-00 INR-07 NSAE-00 DODE-00 /036 W
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C O N F I D E N T I A L AMMAN 1799

USDOC FOR CAGNE

E.O. 11652: GDS
TAGS: EINV, EMIN, JO
SUBJECT: AGRICO PARTICIPATION IN JORDAN PHOSPHATE FERTILIZER
COMPANY (JPFI)

REF: (A) AMMAN 1093, (B) STATE 50817, (C) AMMAN 1353
(D) STATE 60835

1. BASIL JARDANEH, THEN JPFI ACTING MANAGER (PERMANENT
MANAGER HAS SINCE BEEN APPOINTED, BUT JARDANEH REMAINS ON
JPFI BOARD OF DIRECTORS) HAS CHARACTERIZED TO EMBASSY
HIS RECENT CONVERSATIONS IN UNITED STATES AND PARIS WITH
AGRICO AND IFC OFFICIALS AS "VERY UNPLEASANT." ACCORDING
TO JARDANEH, VIRTUALLY NO PROGRESS WAS MADE IN RESOLVING
DIFFERENCES BETWEEN AGRICO AND GOJ. AGRICO WILL AGREE
TO RELEASE OF IFC APPRAISAL REPORT ONLY WITH WRITTEN
CAVEAT THAT AGRICO "NEITHER APPROVES NOR AUTHORIZES" IT.
AGRICO RESERVATION S APPEAR TRIVIAL TO JARDANEH, AND
HE BELIEVES FIRM IS NOT ACTING IN GOOD FAITH WITH
ITS JOINT VENTURE PARTNER, THE GOJ. APPARENTLY, IFC
OFFICIALS WHO PARTICIPATED IN MEETING S WERE INCLINED
TO SHARE JARDANEH'S SUSPICIONS. JARDANEH CITED TO
US TWO EXAMPLES OF SUCH TRIVIAL RESERVATIONS: DISA-
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GREEMENT WITH IFC PROJECTION FOR PRICE OF DI-AMMONIUM
PHOSPHATE IN 1980 (AGRICO BELIEVES THE IFC ESTIMATE
WILL BE REACHED TWO YEARS LATER) AND CONTENTION THAT
BASE PRICE ESTIMATE FOR THE COST OF PROJECT IS TOO
LOW. JARDANEH SUSPECTS THAT PURPOSE OF AGRICO FOOT-
DRAGGING IS TO DRIVE GOJ INTO ACCEPTANCE OF HIGHLY
PROFITABLE MANAGEMENT/TECHNICAL ASSISTANCE/MARKETING

AGREEMENT AND WITHDRAWAL OF AGRICO EQUITY PARTICIPATION IN EXCHANGE FOR AGRICO COOPERATION IN ALLOWING PROJECT TO MOVE FORWARD EXPEDITIOUSLY. COMMENT-IN ORDER TO IMPLEMENT JPFI PROJECT IN TIMELY MANNER, GOJ MIGHT WELL AGREE TO AGRICO'S TOTAL WITHDRAWAL BUT IS UNLIKELY TO AGREE TO ARRANGEMENT GUARANTEEING AGRICO SUBSTANTIAL PROFIT AT NO RISK. END COMMENT
ACCORDING TO JARDANEH, WORLD BANK IS ALREADY SEARCHING ON BEHALF OF GOJ FOR QUALIFIED COMPANY TO REPLACE AGRICO FOR TECHNICAL ASSISTANCE.

2. DELAY IN RELEASE OF IFC APPRAISAL OR RELEASE WITH AGRICO DISCLAIMER WOULD HAMPER, BUT POSSIBLY NOT FORECLOSE, GOJ EFFORTS TO OBTAIN NECESSARY CAPITAL FOR PROJECT WHOSE COST HAS NOW RISEN TO MORE THAN \$300 MILLION. GOJ HAS ALREADY OBTAINED \$50 MILLION FRENCH LOAN AND IS SAID TO BE ASSURED OF \$15-25 MILLION LOAN FROM ABU DHABI. WORLD BANK IS ALLEGEDLY INTERESTED IN PARTICIPATION AND KUWAITIS HAVE SHOWN SERIOUS INTEREST BUT MIGHT BE DISSUADED BY COM-PROMISED APPRAISAL REPORT.

FYI-ONLY -- FOLLOWING, WHICH INDICATES DEPTH OF GOJ DISQUIET WITH AGRICO PERFORMANCE, SHOULD NOT BE REVEALED TO AGRICO. JORDANIAN BOARD MEMBERS OF JPFI HAVE PREPARED MEMEORANDUM TO PRIME MINISTER RECOMMENDING THAT UNLESS CURRENT PROBLEMS WITH AGRICO ARE RESOLVED WITHIN TWO MONTHS, GOJ SHOULD UNILATERALLY SUSPEND ITS AGREEMENT WITH AGRICO
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AND FREEZE ITS ASSETS (SOME \$4 MILLION IN PAID IN EQUITY) IN JORDAN. JUSTIFICATION FOR THIS ACTION WOULD BE DAMAGE TO JPFI BY REPEATED AND UNJUSTIFIED DELAYS CAUSED BY AGRICO BOTH BY POSITION ON IFC REPORT AND DOCUMENTED INSTANCES OF POOR TECHNICAL ADVICE. APPARENTLY, IFC IS INFORMALLY SYMPATHETIC TO COURSE OF THIS KIND. END FYI

4. WE ARE CONCERNED THAT AGRICO HAS BEEN NEITHER FRANK NOR FORTHCOMING IN RESPONDING TO U.S.G. IN-QUIRIES ON THIS MATTER (REFTELS B) AND D)) AND THAT AGRICO PRESIDENT DID NOT (IN JARDANEH'S WORDS, "WOULD NOT") PARTICIPATE IN RECENT DISCUSSIONS WITH GOJ. EMBASSY ITSELF HAS HAD NO CONTACT WITH AGRICO OFFICIALS IN OVER SIX MONTHS. AGRICO'S APPARENT UNWILLINGNESS TO DISCUSS JPFI PROBLEMS WITH USG OFFICIALS DOES LITTLE TO GIVE US CONFIDENCE IN MERITS OF ITS POSITION (WHATEVER THAT IS) ON PROJECT THAT IS VERY IMPORTANT TO GOJ ECONOMIC

DEVELOPMENT PLANS AND, WE WOULD THINK, COMPANY'S
INTERNATION REPUTATION.

4. AS WE NOTED IN REFTEL A), EMBASSY HAS
FOLLOWED JPFI PROJECT CLOSELY SINCE ITS INCEPTION
IN VIEW OF USG'S CONTINUING SERIOUS INTEREST IN
SUPPORTING JORDAN'S ECONOMIC DEVELOPMENT. SUCCESS-
FUL IMPLEMENTATION OF JPFI PROJECT IS THEREFORE
CLEARLY IN BEST INTERESTS OF USG, GOJ, AND AGRICO
AS WELL. IN EVENT POSSIBLE VISIT OF AGRICO OFFICIAL
TO JORDAN IN NEAR FUTURE (REFD)) IS CANCELLED
OR POSTPONED, WE URGE STATE AND/OR COMMERCE TO
MAKE YET ANOTHER ATTEMPT TO ENGAGE AGRICO IN DIS-
CUSSION OF JPFI PROBLEMS.
PICKERING

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Current Classification: UNCLASSIFIED
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Control Number: n/a
Copy: SINGLE
Sent Date: 29-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
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Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
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From: AMMAN
Handling Restrictions: n/a
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Legacy Key: link1977/newtext/t19770313/aaaaakxn.tel
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